

GOVERNMENT OF PUNJAB
DEPARTMENT OF FINANCE

PRESS NOTE

Punjab Budget 2009-10

The Finance Minister, Punjab, Sardar Manpreet Singh Badal presented the 3rd Budget of Shiromani Akali Dal – Bhartiya Janta Party Government led by Sardar Parkash Singh Badal Sahib today (7th July, 2009) to Punjab Vidhan Sabha. The total size of the Budget is Rs.40262.15 crore which includes Revenue Expenditure of Rs. 30306.26 crore, Capital Expenditure of Rs. 3550.15 crore and Public Debt Repayment of Rs.6362.62 crore.

State of Economy

- The economy of Punjab grew at an average growth rate of 5.13% against the national average of 7.8% during the 10th plan (2002-2007).
- The economic growth of the State improved to 6.54% during 2007-08 and 6.26% in 2008-09 as compared to the average growth rate of 5.13% during the 10th Plan.
- The advanced estimates for 2008-09 project a growth rate of 6.26% against the national growth rate of 6.70% which shows that Punjab is moving closer to the national growth rate.

Budget Estimates 2009-10

The Budget Estimates for the financial year 2009-2010 are as under: -

	Consolidated Fund	(Rs. in crore)
1.	Revenue Account	
	Receipts	26072.34
	Expenditure	30306.26
	Net	(-) 4233.92
2.	Capital Expenditure	3550.15
3.	Public Debt	
	Debt incurred	11021.00
	Payments	6362.62
	Net	4658.38
4.	Loans and Advances	
	Advances	43.12
	Recoveries	167.26
	Net	124.14
5.	Total Consolidated Fund (Net) (No. 1 to 4 above)	(-)3001.55
6.	Public Account (Net) (GPF, GIS, Calamity Relief Fund, Civil Deposits etc.)	3046.43
7.	Total Transaction (5+6)	44.88
8.	Opening Balance	(-) 397.56
9.	Closing Balance	(-) 352.68

State Finances

Major Fiscal parameters which show the fiscal health of the State are as under:

(Rs. in crores)

Sr. No.	Description	2007-08 (Accounts)	2008-09 (RE)	2009-10 (BE)
1.	Revenue Deficit	3823.24	3811.64	4233.92
2.	Revenue Deficit as percentage of GSDP	2.76	2.48	2.49
3.	Revenue Deficit as percentage of Revenue Receipts	19.87	16.63	16.24
4.	Fiscal Deficit	4603.83	6855.64	7659.93
5.	Fiscal Deficit as percentage of GSDP	3.32	4.46	4.50
6.	Total Outstanding Debt	52923	57726	63217
7.	Debt Stock as percentage of Revenue Receipts (Lotteries Net)	335.86	299.80	282.44
8.	Salaries, pensions and Interest Payments as percentage of revenue receipts (Lottery Net)	85.02	77.01	81.05

Annual Plan

- The plan expenditure during 2008-09 was Rs. 6925 crore against an outlay of Rs. 6210 crore which is more than 111%.
- The outlay for annual plan 2009-10 is Rs. 8625 crore, 39% higher than last year's approved outlay. This is largest Annual Plan so far approved for the State and will put Punjab on high growth path.
- 30% of the total plan is earmarked for the energy sector having thrust towards power generation, distribution and up-gradation of transmission.
- The Social Services Sector with 26% of the plan outlay is the second priority sector with thrust on pensions to old and other sections of the society, skill development and employment generation, rural water supply schemes, urban development and welfare of weaker sections.

The allocations for major sectors are as under:- (Rs. Crore)

SN	Sector	2008-09 Approved Outlay	Annual Plan 2009-10	
			Proposed Outlay	Percentage to the total
I	Agriculture and Allied Activities	302.52	253.08	2.94
II	Rural Development	540.42	675.61	7.83
III	Irrigation and Flood Control	350.19	546.31	6.33
IV	Energy	2204.52	2596.75	30.11
V	Industry and Minerals	27.40	8.90	0.10

SN	Sector	2008-09 Approved Outlay	Annual Plan 2009-10	
			Proposed Outlay	Percentage to the total
VI	Transport	1005.18	1991.43	23.09
VII	Science, Technology and Environment	40.33	97.12	1.13
VIII	General Economic Services	97.87	150.42	1.74
IX	Social Services	1565.95	2213.91	25.67
X	General Services	75.62	91.48	1.06
	Total	6210.00	8625.00	100

Allocations for major Sectors are as under:

Agriculture:

- To sustain and diversify agriculture in the State, our Government has embarked upon major programmes in the Annual Plan which include:
 - Allocation of Rs. 65 crore under Rashtriya Krishi Vikas Yojana.
 - Rs. 60 crore under the National Horticulture Mission besides strengthening of 5 centers for Citrus Cultivation with an allocation of Rs. 10 crore.
 - Allocation of Rs. 22 crore for Pilot Project for Diversification through Agriculture Production Pattern Adjustment Program in Punjab.
 - Rs. 5 crore Plan assistance would be provided to PAU, Ludhiana.
- As regards Rashtriya Krishi Vikas Yojana (RKVY), the State Government has demanded the review of the criteria for allocation of funds. Half the weightage should be given to maintenance and up-gradation of existing infrastructure of irrigation and remaining half to un-irrigated area.
- Under National Food Security Mission (NFSM wheat), all the districts of the State should be covered.
- The state deserves to get assistance under NFSM – Rice.
- The State Government has enacted “Punjab Preservation of Subsoil Water Act, 2009” to check depletion of water table in north Punjab, save electricity and hence contain power subsidy.

Animal Husbandry and Dairy Development

- In order to further accelerate growth in this sector, Rs. 55 crore has been allocated in Annual Plan 2009-10. These include: -
 - Rs. 8 crore to Shri Guru Angad Dev Veterinary & Animal Sciences University (GADVASU).
 - Rs. 17 crore under NABARD assisted project for setting up veterinary polyclinics and veterinary institutions.
 - Rs. 10 crore for strengthening of Punjab Dairy Development Board.

Health and Medical Education:

- Outlay for Medical and Public Health has been increased from Rs. 95 crore to Rs. 169 crore in the current year. This increase is exclusive of the contribution of Rs. 127 crore from PIDB, Rs. 125 crore of GoI under PMSSY and Rs. 218 crore from GoI under NRHM. The salient features are:-
 - 8 Districts have adopted “Rashtriya Swasthya Bima Yojana” for providing Health Insurance cover of Rs. 30,000/- for BPL families. The remaining 12 Districts would be covered in 2009-10.
 - The Government Medical College, Amritsar is being upgraded at an estimated cost of Rs 182 crore under the Pradhan Mantri Swasthya Suraksha Yojna (PMSSY) with contribution of GoI Rs 125 crore and that of GoP Rs. 57 crore. The State Government is upgrading 2 other medical colleges at Faridkot and Patiala at an estimated cost of Rs. 72 crore and Rs. 30 crore respectively.
 - A sum of Rs. 25 crore is earmarked for the up-gradation of health institutions in the state in the current year.
 - A sum of Rs. 15 crore is earmarked for the 4 Urban Health Care Centres in Jalandhar, Ludhiana and Malerkotla for the urban poor and slum dwellers.
 - State Government is setting up a Super Specialty Cancer & Trauma Hospital at Civil Hospital, Mohali and Super Specialty Cancer & Cardiac Hospital at Civil Hospital, Bathinda under Public Private Partnership mode. The land has been allotted to M/s Max Health Care Hospital against an up-front fee of Rs. 6.31 crore and 5% share in the revenue. The work is likely to be started soon.

- The National Rural Health Mission is being implemented successfully in the state with the current year outlay of Rs. 252 crore. The State Government is already providing free treatment to school students for cancer and heart ailments in collaboration with the PGI, Chandigarh. Further we are determined to give free treatment to all the school children in government hospitals.

Social Security

- Outlay for Nutrition has been increased from Rs. 55 crore to Rs. 100 crore.
- 6487 more Anganwadi centres shall be operationalized in the current year in addition to the 20,169 functional Centres.
- Rs. 10 crore scheme for girl child under “Nanhi Chhan” programme is proposed this year. The government will deposit Rs. 13,000 with LIC in favour of every girl born in a poor family. She will get staggered payments and scholarships worth Rs. 50,000 through her school years.
- There is a proposal to launch LIC sponsored Jan Shree Bima Yojana for BPL and Aam Admi Bima Yojana for rural landless families for providing insurance cover of Rs. 75,000/- for accidental death and Rs. 30,000/- for natural death.

Welfare of Scheduled Castes/Backward Classes

- The Rs. 155 crore outlay provided exclusively for the welfare of SCs/BCs, includes : -
 - Rs. 70 crore as marriage grant @ Rs. 15000/- under Shagun Scheme.
 - Rs. 5 crore for construction of Ambedkar Bhawans and their operation.
 - Rs. 18 crore for Attendance Scholarship to SC primary level girl students.
 - Rs. 20 crore for construction of houses to houseless SC families in rural and urban areas.
 - Rs. 5 crore for repair and construction of SC dharamshalas.
 - Rs. 4 crore by way of grant-in-aid to BPL SC students for purchase of school bags, uniform and shoes.
 - Rs. 5 crore under a scheme for new courses/vocational training in ITIs to SC students.

Rural Development

An outlay of Rs. 173 crore has been earmarked for 2009-10. Broadly it is proposed: -

- Rs. 200 crore 'National Rural Employment Guarantee Scheme' will be implemented throughout the State. The wage rate has been revised from Rs. 102/- to Rs. 123/- per day.
- Under Rs. 64 crore Indira Awaas Yojana, 31674 houses will be constructed/upgraded for the rural poor.
- Rs. 65 crore as grants from 12th Finance Commission for Rural Water Supply and Sanitation Works.
- Rs. 25 crore for low cost sewerage, toilets and cleaning of village ponds.
- Rs. 5 crore each for two new schemes 'Modernization and Improvement of SC villages having more than 50% population' and "Financial Assistance to Panchayati Raj Institutions for Revenue Earning Schemes".

Industrial Development

- Four textile parks and Foundry and Machine Tools Cluster, Batala have been approved by GoI.
- Two centres of Northern India Institute of Fashion Technology (NIIFT) have been opened at Ludhiana and Jalandhar.
- The State Government is actively considering to enact a SEZ Act and to formulate New Industrial Policy.

Irrigation

With an outlay of Rs. 546 crore, the main areas of focus are: -

- (a) Rs. 193 crore under Accelerated Irrigation Benefit Programme which includes: -
 - Rs. 109 crore for Command Area Development and Water Management Programme.
 - Rs. 30 crore for extension of phase – II of Kandi Kanal from Hoshiarpur to Balachaur.
 - Rs. 40 crore for rehabilitation of channel of First Patiala feeder and Kotla Branch.
- (b) Rs. 111 crore Anti – Water Logging and Flood Control Works involve embankments & widening of river Ghaggar, Canalization of Sakki/Kiran Nallah etc.

- (c) Rs. 105 crore for the NABARD Projects involve lining of Laduka Distributory System, construction of 9 new low dams for ground water recharging anti water logging works etc.

Power

- At Rs. 2593 crores, the proposed outlay for Energy forms 30% of the plan.
- The present generation capacity of 6841 MW available to Punjab from all sources is not sufficient to cater to the peak demand of over 9000 MW in the State.
- Land for Gidderbaha Thermal Power Project (2640 MW) has been identified and will be acquired after finalization of coal linkage.
- All procedural formalities of Goindwal Sahib Thermal Power Project (540 MW) which is being set up by M/s GVK Power Ltd.

Roads and Bridges

The plan features are delineated below: -

- Rs. 275 crore for the World Bank Project for up-gradation of State's plan road and infrastructure.
- Rs. 100 crore for NABARD assisted projects for widening of roads.
- Rs. 63 crore towards Central Road Fund for up-gradation of existing infrastructure.
- Rs. 17.4 crore for construction of bridges.
- The State Government will spend Rs. 600 crore in the current year under PMGSY for up-gradation of important rural roads.

Infrastructure

The important initiatives in the pipeline are: -

- (a) Three State highways, two bus terminals in Patiala and Mohali, two super-specialty hospitals in Mohali and Bathinda and two hotels at Amritsar and Bathinda.
- (b) The projects being financed by PIDB are up-gradation of Medical Colleges at Amritsar and Faridkot, jails in Faridkot & Kapurthala, International Airport at Mohali, water supply and sewerage projects in various towns and rehabilitation of canals. Further work is in progress for the three high level Bridges at Sarai-ka-Pattan, Roop Nagar and Makhu in Ferozepur, on River Sutlej and one bridge on Bhangi Choe in District Hoshiarpur.

- (c) Project Plans for the current year are the important roads from Chandigarh to Phagwara, Southern Bypass of Ludhiana along Sidhwan Canal, ROBs, Ring Roads for Mohali, Jalandhar and Amritsar, up-gradation of Medical College, Patiala and irrigation infrastructure.

Education

- (a) Rs. 325 crore for Sarv Siksha Abhiyan in which the State share has been increased to 40% for the year 2009-10.
- (b) Rs. 120 crore for the Mid-Day Meal scheme being implemented in all the 21390 primary/upper primary schools.
- (c) Implement the Rs. 121 crore ICT Project.
- (d) Rs. 50 crore for infrastructural development of the schools through Rs. 141 crore NABARD assisted project.
- (e) Implement Rs. 66 crore Rashtriya Madhyamik Sikhsha Abhiyan (RMSA) being launched for Class IX to X.
- (f) Set up 21 Model Schools in educationally backward districts with Rs. 63 crore.
- (g) Rs. 10 crore for Edusat Programme which has been expanded to cover 964 government institutions including 879 senior secondary schools.
- (h) Rs. 10 crore for the Adarsh School Scheme.
Construct 21 girls hostels in secondary and higher secondary schools with Rs. 10 crore.

Higher Education

- Rs. 10 crore for establishment of Rajiv Gandhi National University of Law.
- Establish 15 Model Colleges in the Districts where the Gross Enrollment Ratio is low.
- Rs. 1 crore each for establishment of Central University at Bathinda and a Regional Centre at Muktsar.

Rural Water Supply and Sanitation

- A programme for providing drinking water supply to all rural habitations by 2012 has been drawn up in the State. Till March 2009, 11623 habitations stands covered.
- An agreement was signed with World Bank for Rs. 1280 crore for 5 years 2007-2012 for providing water supply in 739 NC villages and 2422 PC villages.

- A provision for renovation of 1000 village ponds and providing sewerage system in 100 villages.

The following schemes will be completed during 2009-10 with Additional Central Assistance of Rs. 250 crore:

Sr. No.	Item	Amount (Rs. in crores)
1.	Flush Toilets	100
2.	Maintenance of Industrial Focal Points	25
3.	Pollution Control Measures	50
4.	Anandpur Sahib Khalsa Heritage Complex	50
5.	Water Supply and Sewerage System for Jalandhar City	25
	Total:	250

Urban Development

The highlights of the Rs. 301 crore (Urban Water Supply Rs. 185 crore + Urban Development Rs. 116 crore) outlay for 2009-10 are: -

- Rs. 93.2 crore for extension and augmentation of Water Supply and Sewerage in various towns.
- Rs. 86 crore for Amritsar Sewerage Project funded by JICA.
- Implementation of the four components of Rs. 428 crore JNNURM.
- Rs. 34 crore as grants recommended by 12th Finance Commission.
- Rs. 5.7 crore for development works at Moga and Muktsar.
- The State Govt. will provide Rs. 25 crore for sewerage project of Jalandhar, out of Additional Central Assistance.

Fiscal Performance

- a) The Revenue Deficit as per 2008-09 (RE) is Rs. 3812 crore (2.48% of GSDP) as compared to Rs. 3823 crore (2.76% of GSDP) in 2007-08. The Revenue Deficit for 2009-10 is expected at Rs. 4234 crore (2.49% of GSDP).
- b) The Revenue Deficit as percentage of Revenue Receipts which indicates debt-sustainability of the State was 19.87% in 2007-08. It is expected to come down to 16.63% in 2008-09 (RE) and to 16.24% in 2009-10 (BE).
- c) The Fiscal Deficit for 2008-09 (RE) is expected at Rs. 6856 crore (4.46% of GSDP) against Rs. 4604 crore (3.32% of GSDP) in 2007-08. The Fiscal Deficit for 2009-10 (BE) is expected at Rs. 7660 crore (4.50% of GSDP). The higher Fiscal Deficit is on account of implementation of recommendations of

Pay Commission in 2009-10 and the need to give growth stimulus to the economy.

- d) The total Outstanding Debt at the end of 2009-10 is likely at Rs. 63217 crore. The Outstanding Debt may be rising in absolute term but as percentage of GSDP it has come down from 44.95% in 2005-06 to 37.12% in 2009-10 (BE).
- e) The Committed Expenditure (Salaries, Pensions and Interest Payments) as percentage of Revenue Receipts (Lotteries net) is likely to come down to 77.01 in 2008-09 (RE) against 85.02 in 2007-08. As per 2009-10 (BE) the committed expenditure as percentage of Revenue Receipts (Lotteries net) is likely at 81.05 on account of provisions made in 2009-10 (BE) for implementation of recommendations of Pay Commission.
- f) The average growth rate of State's Own Tax Revenue for the period 2002-03 to 2006-07 was 13.77%. For the period 2007-08 to 2009-10 (BE), it is expected to improve to 16.07%.
- g) Average growth rate of VAT during 2002-03 to 2006-07 was 12.62%. For the period 2007-08 to 2009-10 (BE), it is expected at 20.08.
- h) Average growth of State Excise during 2002-03 to 2006-07 was only 0.51%. For the period 2007-08 to 2009-10 (BE), it is expected at Rs. 14.62%.

Conclusion:

1. Budget aims to stimulate the economy by investing in important sectors e.g. social sectors, power, roads and infrastructure.
2. The higher plan outlay and liability on account of Pay Commission are reasons for Revenue Deficit.
3. Our State Revenues (including Taxes) are growing, despite slowdown.

4.

Annual Plan (Headings)

- The year 2008-09 as per revised estimates is expected to close with revenue deficit of Rs. 3812 crore against budgeted figure of Rs. 1000 crore due to lower than expected receipt of share of Central taxes, cash payment of power subsidy of Rs. 2600 crore and higher than anticipated expenditure on pensions and retirement benefits.
- The revenue deficit for 2009-10 as per Budget Estimates is expected at Rs. 4234 crore. The higher revenue deficit is mainly on account of provisions made in 2009-10 (BE) for implementation of recommendations for Government employees and pensioners.
- Revenue Deficit as percentage of GSDP for 2008-09 (RE) is likely at 2.49 and 2009-10 (BE) at 2.50. The average for the period 2002-03 to 2006-07 is 3.23 after excluding the effect of revenue deficit grant for the period 2005-06 to 2007-08.
- The Fiscal Deficit for 2008-09 is expected at Rs. 6856 crore (4.46% of GSDP) as per revised estimates and for 2009-10 at Rs. 7660 crore (4.50% at GSDP) as per Budget Estimates.
- The total Outstanding Debt at the end of 2008-09 is likely at Rs.57736 crore (37.60% of GSDP) and at the end of 2009-10 at Rs. 63217 crore (37.12% of GSDP).
- The average Outstanding Debt (after excluding the effect of Debt waiver in 2006-07) as percentage of GSDP was 45.05% during 2002-03 to 2006-07. This figure has come down to 37.65% during 2007-08 to 2009-10.
- The average of total expenditure on Social Services for the period 2002-03 to 2006-07 was Rs. 3566 crore. This will give up to Rs. 5950 crore during 2007-08 to 2009-10.
- The average at total Government Capital expenditure for the period 2002-03 to 2006-07 was Rs. 1190 crore. This will gone up to Rs. 3469 crore during 2007-08 to 2009-10.

Major Initiatives of Budget 2009-10

- i) Annual Plan 2009-10 Outlay Rs. 8625 crore – An increase of 39% over Annual Plan 2008-09 Outlay of Rs. 6210 crore.
- ii) Outlay for Power Sector at Rs. 2593 crore (30% of the Plan) for 2009-10 against outlay of Rs. 2204 crore in 2008-09 – An increase of about 18%.
- iii) Outlay under Punjab Infrastructure Development Board (PIDB) has been increased from Rs. 440 crore in 2008-09 to Rs. 1500 crore in 2009-10.
- iv) An outlay of Rs. 140.37 crore has been provided under the Sub-Head ‘Crop Husbandry’ in 2009-10.
- v) Rashtriya Swasthya Bima Yojana implemented in 8 Districts. Remaining 12 Districts to be covered in 2009-10.
- vi) The Government Medical College Amritsar being upgraded at cost of Rs. 182 crore.
- vii) Rs. 657 crore earmarked for Weaker and Disadvantaged Groups.
- viii) National Rural Employment Guarantee Scheme to be implemented throughout the State.
- ix) Implementation of Recommendations of Pay Commission.